GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Industries and Commerce Department – Extension of certain incentives under Aerospace & Defence Policy 2015-20 to M/s. Reliance Defence and Engineering Ltd. to set up Shipyard and Port at Rambilli Mandal, Visakhapatnam District – Orders- Issued.

INDUSTRIES & COMMERCE (POLICY & INVESTMENT) DEPARTMENT

G.O.MS.No. 172 Dated: 09-12-2016

Read the following:-

1. From M/s. Reliance Defence and Engineering Ltd., Email, Dt:27.05.2016 and the DPR Submitted by M/s. Reliance Defence and Engineering Ltd.
2. From M/s. Reliance Defence and Engineering Ltd., Letter, Dt:13.08.2016.
3. From M/s. Reliance Defence and Engineering Ltd., Email, Dt:29.09.2016
4. Empowered Committee Meeting on 26.10.2016.
5. State Investment Promotion Board Meeting on 28.10.2016.

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O R D E R:-

In the letter 1st read above, M/s. Reliance Defence and Engineering Ltd. has submitted a Detailed Project Report for setting up a Shipyard and Port at Rambilli Mandal, Visakhapatnam District. The total investment of the project is estimated at Rs. 5,000 Crore and has the potential to create direct employment of 3,000 and indirect employment 6,000. The project will include shipyard, harbor and port area, development of a port, ship construction/fabrication area, ship/submarine area, nuclear facility area.

2. The Company has requested for the following benefits:

(i) Exemption from payment of Registration fee, conveyance charges and other fee levied on instruments, land registrations within the State can be extended as per Aerospace & Defence Policy 2015-20.

(ii) 100% waiver from payment of Stamp Duty in all co-developed JV projects

(iii) Exemption of entry tax.

(iv) Identify the layout and location of the proposed land

(v) In-principle understanding that the proposed land will be provided to Reliance Defence & Engineering Limited free of charges for a lease period of 99 years and a notional payment of Rs. 1 per acre per annum as lease premium for the entire duration of the agreement.

(vi) Basic Infrastructure facilities viz. Sewage, Rainwater Drain, Effluent and Power Infrastructure to be provided by Government of Andhra Pradesh.

(vii) Exemption on local & State taxes, sales tax, VAT, CST for 25 Years.

(viii) Exemption on Electricity Duty, cess on electricity and water charges for 25 Years.

(ix) 20% Capital Subsidy, 5% Interest Subsidy.

(x) Fixed Power Tariffs @ Rs 2.50/- per unit for 25 years.

(xi) Exemption of road tax, transit fee for 25 Years-For defence 50 % subsidy upto Rs. 2 Crore.

(xii) 25% or Rs. 1000 per person/ month subsidy on employee welfare cost. 75-100% refund of the employer's contribution of PF/ESI.

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(xiii) 2 months' salary training cost on newly hired employees. 3 year subsidy on related domestic and overseas training cost incurred (or upto USD M per annum).

(xiv) 50% cost of R&D and Technology transfer.

3 In the reference 4th read above, the Empowered Committee of Secretaries in its meeting dt:26.10.2016 has discussed the proposal of M/s. Reliance Defence and Engineering Ltd, and recommended for extending the following incentives:

(i) Empowered Committee has observed that this is an A&D Project with Port as a component within the overall project. This being the case, land allotment of port will be 30 years as per port policy and 99 years as per Industrial Development Policy for the remaining components of the project.

(ii) To place the request of the Company before SIPB for providing land at Rs 15-20 lakhs per acre in a belt valuation system which will allow the project to remain viable considering the long gestation period, as major portion of the proposed land is yet to be acquired and the present land price indicated by Government of Andhra Pradesh is Rs 25 lakhs per acre.

(iii) To take the infrastructure assistance separately, as and when they are ready and the requisite infrastructure estimates are done.

(iv) The following fiscal incentives are recommended on the lines of M/s. VEM Technologies (P) Ltd. :

(a) 100% VAT /CST reimbursement for 7 years or limited to 100% capex, whichever is earlier. However, CT Department is of the view that VAT/CST will be replaced by CGST/SGST on intra-state sales and IGST on inter-state sales. Further, in the case of inter-state sales the SGST paid to the state will be transferred to the importing state and there will not be any tax left with the state for reimbursement to the industrial unit. It is advised to formulate incentives keeping in view the design and structure of GST which is slated for introduction from 1-4-2017.

(b) Anchor unit subsidy of INR 10 crore offered to first 10 aerospace and/or defence OEM enterprises, provided they qualify as an anchor unit(defence order worth INR 50 crore) established during the policy period.

(c) Reimbursement of 75% of the cost of quality certifications up to Rs. 3 crore

(d) In principle approval for establishment of Skill Development Centre with a onetime Government Andhra Pradesh grant of Rs. 10 crore. The project proponent is directed to submit a Detailed Project Report for the establishment of the Skill Development Centre to the Skill Development Department, Government of Andhra Pradesh.

(e) All other incentives as per Aerospace & Defence Manufacturing Policy 2015-20.

4. In the reference 4th read above, the State Investment Promotion Board (SIPB) have discussed the proposal of M/s. Reliance Defence and Engineering Ltd, in detail and decided to extend the following incentives:

(i) Considering that this is an Aerospace & Defence Project with Port as a component within the overall project, land allotment of port will be 30 years as per port policy and 99 years as per IDP for the remaining components of the project.

(ii) To provide land at Rs 17.50 lakhs per acre considering the long gestation period, as per APIIC regulations.

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(iii) To take up the infrastructure assistance separately, as and when they are ready to take off and the requisite infrastructure estimates are done.

(iv) To extend the following fiscal incentives on the lines of M/s. VEM Technologies (P) Ltd.

(a) 100% VAT /CST reimbursement for 7 years or limited to 100% capex, whichever is earlier from the date of Commencement of Commercial Production.

(b) Anchor unit subsidy of INR 10 crore offered to first 10 aerospace and/or defence OEM enterprises, provided they qualify as an anchor unit(defence order worth INR 50 crore) established during the policy period.

(c) Reimbursement of 75% of the cost of quality certifications up to Rs. 3 crore

(d) In principle approval for establishment of Skill Development Centre with a onetime Government of Andhra Pradesh grant of Rs 10 crore. The project proponent is directed to submit a Detailed Project Report for the establishment of the Skill Development Centre to the Skill Development Department, Government of Andhra Pradesh.

(e) All other incentives as per Aerospace & Defence Manufacturing Policy 2015-20.

5. The Government after careful consideration of the recommendations of the State Investment Promotion Board hereby extend the following incentives to M/s. Reliance Defence and Engineering Ltd., for their Shipyard cum Port project with an investment of Rs. 5,000 Crores with a potential to create direct employment of 3,000 and indirect employment of 6,000 people:

(i) Land allotment of port component will be 30 years as per port policy and 99 years as per Industrial Development Policy for the remaining components of the project.

(ii) To provide land at Rs 17.50 lakhs per acre considering the long gestation period, as per APIIC regulations.

(iii) To take up the infrastructure assistance separately, as and when they are ready to take off and the requisite infrastructure estimates are done.

(iv) To extend the following fiscal incentives on the lines of M/s. VEM Technologies (P) Ltd.

(a) 100% VAT /CST reimbursement for 7 years or limited to 100% capex, whichever is earlier from the date of Commencement of Commercial Production.

(b) Anchor unit subsidy of INR 10 crore offered to first 10 aerospace and/or defence OEM enterprises, provided they qualify as an anchor unit (defence order worth INR 50 crore) established during the policy period.

(c) Reimbursement of 75% of the cost of quality certifications up to Rs. 3 crore

(d) In principle approval for establishment of Skill Development Centre with a onetime Government of Andhra Pradesh grant of Rs 10 crore. The project proponent is directed to submit a Detailed Project Report for the establishment of the Skill Development Centre to the Skill Development Department, Government of Andhra Pradesh.

(e) All other incentives as per Aerospace & Defence Manufacturing Policy 2015-20

(P.T.O)

5. The Director of Industries, Andhra Pradesh, Hyderabad shall take necessary action, accordingly and intimate the status of the progress of work done by the unit from time to time to the Government.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

SOLOMON AROKIARAJ
SECRETARY TO GOVERNMENT & CIP

To
The Director of Industries, Andhra Pradesh, Hyderabad.
M/s. Reliance Defence and Engineering Ltd through the Director of Industries, Andhra Pradesh.
The Collector & District Magistrate, Visakhapatnam District.
The VC & MD, APIIC Ltd., Vijayawada.
The General Manager, District Industries Centre, Visakhapatnam District.
The Zonal Manager, APIIC, Visakhapatnam.
Copy to
The Finance (FMU-Rev-IC)Department
The Revenue (CT) Department.
The Revenue (Registration) Department. The Law (H) Department.
The Accountant General, Andhra Pradesh, Vijayawada The Commissioner of Commercial Taxes, Vijayawada
The Vice Chairman & Managing Director, APIIC, Vijayawada
P.S. to Secretary to Chief Minister
P.S. to Chief Secretary to Government
P.S. to Secretary to Government & CIP, Industries & Commerce Dept.
SC/SF.

// FORWARDED :: BY ORDER //

SECTION OFFICER